

LSU at Alexandria Foundation, Inc.

Alexandria, Louisiana

June 30, 2014

**LSU at Alexandria Foundation, Inc.
June 30, 2014**

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PAYNE, MOORE & HERRINGTON, LLP

Independent Auditor's Report

To the Board of Directors of
LSU at Alexandria Foundation, Inc.

We have audited the accompanying consolidated financial statements of LSU at Alexandria Foundation, Inc. (a nonprofit organization) and its wholly owned subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

The Board of Directors
LSU at Alexandria Foundation, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LSU at Alexandria Foundation, Inc. and subsidiaries as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited LSU at Alexandria Foundation, Inc.'s 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules 1-9 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Certified Public Accountants
Alexandria, Louisiana

November 12, 2014

ROBERT W. DVORAK, C.P.A. CINDY L. HUMPHRIES, C.P.A.
REBECCA B. MORRIS, C.P.A. DEBORAH R. DONN, C.P.A.
MICHAEL A. JUNEAN, C.P.A. REBECCA G. NATION, C.P.A.
EVELYN RENFROW, C.P.A.



LSU at Alexandria Foundation, Inc.
Consolidated Statements of Financial Position
June 30, 2014 and 2013

Exhibit A

Assets	2014	2013
Current Assets		
Cash and cash equivalents	\$ 1,605,227	\$ 1,629,247
Accounts receivable	13,230	14,310
Accrued interest receivable	-	190,858
Pledges receivable and unconditional promises to give, net	6,656,201	32,300
Tenant receivables, net	27,423	10,838
Other receivables	4,991	8,004
Prepaid expenses	20,595	35,664
Other current assets	16,840	-
Inventory	1,824	4,069
Total Current Assets	8,346,331	1,925,290
Investments	17,064,541	15,799,323
Beneficial Interest in Net Assets of Central LA Community Foundation	1,598,278	1,439,672
Property, Plant, and Equipment, Net of Accumulated Depreciation	9,612,210	10,093,885
Art Collection	2,868,687	2,793,987
Bond Issuance Costs, Net of Accumulated Amortization	388,571	406,035
Other Assets	250	350
Total Assets	\$ 39,878,868	\$ 32,458,542
	Liabilities and Net Assets	
Current Liabilities		
Accounts payable	\$ 316,554	\$ 294,581
Accrued interest payable	120,339	122,712
Bonds payable	225,000	190,000
Rental deposits	15,807	35,402
Deferred revenues	65,894	43,884
Other accrued expenses	52,164	44,776
Total Current Liabilities	795,758	731,355
Other Liabilities		
Bonds payable	10,935,000	11,160,000
Net Assets		
Unrestricted	14,845,587	7,547,709
Temporarily restricted	6,479,311	6,285,451
Permanently restricted	6,823,212	6,734,027
Total Net Assets	28,148,110	20,567,187
Total Liabilities and Net Assets	\$ 39,878,868	\$ 32,458,542

The accompanying notes are an integral part of the financial statements.

LSU at Alexandria Foundation, Inc.
Consolidated Statements of Activities
Years Ended June 30, 2014 and 2013

Exhibit B

	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Total
Revenues, Gains, and Reclassifications					
Contributions	\$ 6,947,782	\$ 45,033	\$ 76,057	\$ 7,068,872	\$ 578,401
Interest and dividends	32,537	864,473	13,128	910,138	1,492,959
Noncash support	258,149	-	-	258,149	52,542
Memberships	49,929	-	-	49,929	39,795
Program fees	22,545	-	-	22,545	13,992
Student housing income	1,364,060	-	-	1,364,060	1,272,752
Athletic sign sponsorships	20,600	-	-	20,600	-
Fundraising	168,475	137,870	-	306,345	360,547
Unrealized/realized gain (loss) on investments	895,112	-	-	895,112	111,918
Athletics	-	69,417	-	69,417	75,810
Other income and support	125,298	62,495	-	187,793	248,228
Net assets released from restrictions	985,428	(985,428)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	10,869,915	193,860	89,185	11,152,960	4,246,944
Expenses					
Program expenses:					
Foundation:					
Athletics	85,178	-	-	85,178	74,657
Call center support	175,000	-	-	175,000	-
Fundraising	47,151	-	-	47,151	81,581
Investment management fees	171,621	-	-	171,621	155,016
Miscellaneous	163	-	-	163	169
Office supplies	3,105	-	-	3,105	264
Official functions	74,866	-	-	74,866	58,854
Operating services	24,149	-	-	24,149	11,935
Professional services	160,164	-	-	160,164	16,400
Professorships	100,930	-	-	100,930	97,733
Registration fees	-	-	-	-	278
Staffing services	135,292	-	-	135,292	70,446
Scholarships and awards	76,800	-	-	76,800	132,401
Supplies	622	-	-	622	-
Travel	27,331	-	-	27,331	10,509
Museum:					
Administration	607,795	-	-	607,795	468,148
Education	23,222	-	-	23,222	21,277
Exhibits	105,716	-	-	105,716	93,354
Fundraising	72,294	-	-	72,294	74,447
Other program services	221	-	-	221	12,886
Student housing:					
Student housing	653,587	-	-	653,587	654,962
Athletic association:					
Athletic sponsorship signs	6,720	-	-	6,720	-
Fundraising	4,361	-	-	4,361	-
Official functions	32,379	-	-	32,379	-
Operating services	42	-	-	42	-
Supplies	462	-	-	462	-
Other expenses:					
Depreciation and amortization	499,139	-	-	499,139	507,801
Interest expense	483,727	-	-	483,727	492,779
Total Expenses	3,572,037	-	-	3,572,037	3,035,897
Change in Net Assets	7,297,878	193,860	89,185	7,580,923	1,211,047
Net Assets, Beginning of Year as Restated	7,547,709	6,285,451	6,734,027	20,567,187	19,356,140
Net Assets, End of Year	<u>\$ 14,845,587</u>	<u>\$ 6,479,311</u>	<u>\$ 6,823,212</u>	<u>\$ 28,148,110</u>	<u>\$ 20,567,187</u>

The accompanying notes are an integral part of the financial statements.

LSU at Alexandria Foundation, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		Exhibit C
Change in net assets	\$ 7,580,923	\$ 1,211,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	499,139	507,801
Unrealized (gain) loss on investments	895,112	(104,924)
Donation of art collection	(74,700)	(10,442)
Bad debt expenses	(20,106)	(8,925)
Changes in operating assets and liabilities:		
Accounts receivable	1,080	(1,418)
Accrued interest receivable	190,858	(190,858)
Pledges receivable	(6,623,901)	50,200
Tenant receivables	3,520	93,458
Other receivables	3,013	2,917
Prepaid expenses	15,069	1,490
Other current assets	(16,840)	-
Inventory	2,245	30,021
Accounts payable	21,973	10,511
Accrued interest payable	(2,373)	(1,650)
Rental deposits	(19,594)	(999)
Deferred revenues	22,010	1,489
Other accrued expenses	7,388	23,742
Net Cash Provided by Operating Activities	2,484,816	1,613,460
Cash Flows from Investing Activities		
Purchase of investments	(1,561,604)	(881,206)
Reinvestment of income from investments	(909,922)	(1,155,850)
Withdrawal of investments	152,594	725,546
Cash paid for purchase of fixed asset	-	(35,598)
Other assets	100	(100)
Net Cash Used in Investing Activities	(2,318,832)	(1,347,208)
Cash Flows from Financing Activities		
Principal payments on long term debt	(190,000)	(165,000)
Net Cash Used in Financing Activities	(190,000)	(165,000)
Increase (Decrease) in Cash	(24,016)	101,252
Cash and Cash Equivalents, Beginning of Year	1,629,247	1,527,995
Cash and Cash Equivalents, End of Year	\$ 1,605,231	\$ 1,629,247

Additional required disclosures:

1. LSU at Alexandria Foundation, Inc. considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No income taxes were paid during the current fiscal year.
3. Interest paid for the year ended June 30, 2014 amounted to \$488,473.
4. There were no material noncash financing transactions during the fiscal year ended June 30, 2014.
Noncash investing transactions during year consisted of:
Donated artwork valued at \$74,700.

The accompanying notes are an integral part of the financial statements.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The LSU at Alexandria Foundation, Inc. is a nonprofit corporation formed to promote the educational and cultural welfare of Louisiana State University at Alexandria, Louisiana, by accepting gifts for the purpose of providing scholarships, aiding research, and such other designated projects for the benefit of the University. LSU at Alexandria Foundation, Inc. owns and operates Alexandria Museum of Art, LLC, which provides educational and cultural enrichment to students and promotes community awareness of the arts. LSU at Alexandria Foundation, Inc. also owns and operates The Oaks of Alexandria, LLC, which provides on-campus student housing. LSU at Alexandria Foundation, Inc. owns Generals Athletic Association, LLC, which was formed to support Louisiana State University at Alexandria and any affiliated intercollegiate athletics program.

Consolidation

The accompanying consolidated financial statements include the accounts of the LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries, Alexandria Museum of Art, LLC, The Oaks of Alexandria, LLC, and Generals Athletic Association, LLC. All material intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America. It is the policy of LSU at Alexandria Foundation, Inc. to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Cash and Cash Equivalents

Cash for LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries is deposited with two local financial institutions in various checking accounts. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution, per depositor. Uninsured balances among the various accounts and entities that comprise LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries totaled \$1,161,703 at June 30, 2014.

The LSU at Alexandria Foundation, Inc. considers cash in checking accounts and money market funds as cash and cash equivalents.

Cash and cash equivalents reported in the consolidated statement of financial position includes \$1,079,289 which is restricted for debt service requirements related to revenue bonds and held in separate bank accounts which are in custody of the bond trustee.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value discounted to present value, using risk-free interest rates applicable to the years in which the promises are to be received. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Tenant Receivables

Tenant receivables represent net unpaid lease obligations related to student housing at The Oaks of Alexandria, LLC. The allowance for uncollectible tenant receivables is assessed by management based on historical collection rates and aging of the uncollected accounts.

Inventory

Inventory consists of goods purchased for resale in the gift shop. It is reported at lower of cost or market, on a first-in, first-out basis.

Investments

The Foundation and its wholly owned subsidiaries carry investments with Louisiana State University Foundation and Central Louisiana Community Foundation. These funds are pooled and invested with funds from other similar organizations. Investments are reported at their market values in the consolidated statement of financial position as reported to LSU at Alexandria Foundation, Inc. by the investment administrators. Unrealized gains and losses are included in the change in net assets in the statement of activities. There are no known material unrecorded permanent market value declines in marketable securities.

Property, Plant, and Equipment

Purchased property and equipment costing \$1,000 or more is recorded at acquisition cost; donated property and equipment is recorded at its fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Repairs, maintenance, and minor replacements are charged to operations as incurred. Major replacements and improvements are capitalized at cost.

Art Collection

In 1977, the Museum elected to capitalize its collection. Items purchased are capitalized at their cost; items contributed are capitalized at their fair or appraised value at the accession date.

In 2009, the LSU at Alexandria Foundation, Inc. received donated artwork to be displayed on the campus of LSU at Alexandria. The artwork is capitalized in the statement of financial position at its appraised value at the accession date.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

Deferred Revenues

Revenues for LSU at Alexandria Foundation, Inc. and Museum events are recorded as deferred if the related event is beyond the date of the statement of financial position. Such revenues are recognized when the event is held.

Tenant rental payments received on or before the financial statement date for subsequent rental periods are reported as deferred revenue in the statement of financial position. Such revenues are recognized in the period for which the rent is earned.

Donated Services

The Foundation pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs. The value of these services is not reflected in the financial statements.

Substantial services and support are provided by LSU at Alexandria for the operation of LSU at Alexandria Foundation, Inc. and subsidiaries and pursuant to the management agreement discussed in Note 7. Except for the amount reported as affiliated organizational support to Alexandria Museum of Art, LLC, the value of this support has not been recorded in the accompanying financial statements as values were not readily determinable.

The City of Alexandria provides utilities to Alexandria Museum of Art under an interagency agreement between Louisiana State University and the City. The value of the contributed utilities is recorded as noncash contributions and utility expense in the accompanying financial statements.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs charged to expense for the year ended June 30, 2014, totaled \$49,496.

Concentrations

LSU at Alexandria Foundation, Inc. and subsidiaries rely on support and revenues from donors and tenants associated with LSU at Alexandria. Housing is available only to qualifying students, therefore, ability to reach lease capacity is contingent on student interest and enrollment.

LSU at Alexandria Foundation, Inc. and its subsidiaries, Alexandria Museum of Art, LLC and the Generals Athletic Association, LLC, rely on contributions and support from donors in the Central Louisiana area and on the performance of investments.

Subsequent Events

Management has evaluated subsequent events through November 12, 2014, the date which the financial statements were available for issue. Management's evaluation revealed no subsequent events that require disclosure.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

2. Pledges Receivable and Unconditional Promises to Give

Pledges receivable and unconditional promises to give at June 30, 2014, consist of \$6,656,201 pledges receivable and unconditional promises to give due in less than one year.

In the opinion of management, all pledges receivable and unconditional promises to give at June 30, 2014, were considered to be collectible and an allowance for uncollectible pledges and promises to give was not considered necessary.

3. Tenant Receivables

Gross tenant receivables at June 30, 2014, totaled \$42,866. Tenant receivables in the statement of financial position are shown net of estimated uncollectible amounts of \$15,443. The allowance for uncollectible tenant receivables was determined by management's evaluation of individual student accounts and aging of those accounts.

4. Investments

LSU at Alexandria Foundation, Inc. is required to disclose estimated fair value for all financial instruments and nonfinancial instrument measured at fair value on a recurring basis. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. When available, LSU at Alexandria Foundation, Inc. uses Level 1 as their valuation approach because they generally provide the most reliable evidence of fair value. This hierarchy consists of three broad levels as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

LSU Foundation Managed Assets

On July 3, 1995, the LSU at Alexandria Foundation, Inc. entered into a management agreement with the LSU Foundation whereby the LSU Foundation shall hold funds on behalf of the LSU at Alexandria Foundation, Inc. solely for the purpose of investing the funds. The LSU Foundation may assess its standard management fees annually to cover its administrative costs. This agreement shall remain in effect until a 180-day written notice is given by either party to the other party.

Investments held by the LSU Foundation on behalf of the LSU at Alexandria Foundation, Inc. are reported at their fair values in the statement of financial position. As of June 30, 2014, investments in LSU Foundation managed assets are set forth below:

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

Investments at cost	\$ 14,614,705
Add:	
Unrealized gain	2,449,836
Market Value	\$ 17,064,541

Beneficial Interest in Net Assets of Central Louisiana Community Foundation

The Alexandria Museum of Art, LLC has established three endowment funds by transferring cash to the Central Louisiana Community Foundation (the Foundation). The Museum receives quarterly distributions of income from the operations endowment fund. Earnings from the collections endowment are reported as temporarily restricted income and may be requested for support and maintenance of the permanent art collection. The Alexandria Museum of Art, LLC may request distribution of all or part of the principal it contributes to the funds. The Board of the Foundation will grant such a request if it concludes that such a distribution is consistent with the charitable purposes of the Foundation, which may be deferred for up to 90 days in order to permit orderly and timely liquidation of assets to meet the request. The funds may be charged regularly for a proper allocation of direct and indirect expenses attributable to the creation and maintenance of the funds. The Foundation has the authority to vary the terms of the gift. The Foundation will notify the Museum within 30 days following any decision of the Board of Trustees of the Foundation to exercise this variance power. If the Foundation ceases to be a qualified charitable organization or if the Foundation proposes to dissolve, the assets of the funds shall be distributed to the Alexandria Museum of Art, LLC. At that time if the Alexandria Museum of Art, LLC is not then a qualified charitable organization, the Foundation shall distribute the assets of the funds in a manner and to any organization serving the Central Louisiana Community that satisfy the requirements of a qualified charitable organization and serve purposes similar to those of the Alexandria Museum of Art, LLC. Transfers to these funds during the year ended June 30, 2014, totaled \$25,000. Withdrawals from these funds totaled \$54,449. Investment fees assessed by the Central Louisiana Community Foundation during the year totaled \$9,754. The beneficial interest in net assets of Central Louisiana Community Foundation is presented in the financial statements at fair value of \$1,598,278 at June 30, 2014. Investment earnings on the fund totaled \$36,349. There were no realized gains or losses. Unrealized gains totaled \$161,459 for the year ended June 30, 2014.

Description	Fair Value Measurement at Reporting Date Using			
	Total 06/30/14	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments held by LSU Foundation	\$ 17,064,541	-	\$ 17,064,541	-
Beneficial interest in Net Assets of Central LA Community Foundation	\$ 1,598,278	-	\$ 1,598,278	-

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

5. Property, Plant, and Equipment

The following schedule summarizes estimated useful life, cost, and accumulated depreciation of property, plant, and equipment of the wholly owned subsidiaries as of June 30, 2014:

	<u>Life</u>	
Land		\$ 276,979
Building and improvements	40 Years	13,392,729
Furniture and equipment	5 – 7 Years	884,493
Website	3 Years	162,500
Computer software	3 Years	<u>6,029</u>
		14,722,730
Less: Accumulated Depreciation		<u>5,110,520</u>
		\$ 9,612,210

Depreciation expense was \$481,675 for the year ended June 30, 2014.

6. Other Accrued Expenses

LSU at Alexandria assesses charges for student housing to student accounts and remits payment to The Oaks of Alexandria, LLC prior to full collection from the student. Other accrued expenses represent management's estimate of student lease payments made to The Oaks of Alexandria, LLC pursuant to the facility management agreement that may be subject to repayment to LSU at Alexandria if the student accounts held by the university are not paid within three years. Other accrued expenses in the consolidated statement of financial position include \$52,164 for this provision.

7. Bonds Payable

Pursuant to a bond indenture and related agreements dated October, 10, 2006, LSU at Alexandria Foundation, Inc., through its wholly owned subsidiary, The Oaks of Alexandria, LLC, borrowed \$11,905,000 through a loan agreement with the Louisiana Public Facilities Authority, and in conjunction with the issuance of this same amount in revenue bonds designated "Louisiana Public Facilities Authority Revenue Bonds (The Oaks of Alexandria, LLC-Louisiana State University at Alexandria Student Housing Project), Series 2006."

The proceeds from the sale of the bonds were used for the purpose of financing, planning, designing, constructing, furnishing and equipping residence facilities for use by Louisiana State University at Alexandria. The proceeds were also used to establish a debt service reserve fund, and to provide for capitalized interest and for a portion of the costs of issuance.

The bonds are controlled by the bond trust indenture, which requires that the net proceeds be deposited and held by the trustee, Regions Bank. In addition, LSU at Alexandria Foundation, Inc. is subject to certain covenants that are detailed in the trust indenture document. The bonds are nonrecourse to the Foundation.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

The bonds mature on the dates and in the principal installments set forth in the following table:

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2014	\$ 225,000	5.000%
2015	250,000	5.000
2016	325,000	5.000
2017	340,000	4.000
2018	350,000	4.000
2024	2,445,000	4.125
2029	2,560,000	4.250
2036	<u>4,665,000</u>	4.375
	\$ 11,160,000	

Interest expense on bonds payable totaled \$483,727 for the year ended June 30, 2014.

The Foundation originally entered into a Facility Management Agreement with Campus Advantage, Inc. for the purpose of opening, managing, and operating the residence facilities described above. That agreement was terminated in November 2008 by mutual consent. A management agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College acting through Louisiana State University at Alexandria was entered into for an initial term of five years. This agreement automatically renews for additional one year periods unless terminated in writing by either party at least ninety days prior to the end of the current or renewal term.

8. Endowments

The endowments held by the Foundation consist of donor-restricted endowment funds and funds designated by the Foundation board to function as endowments. Endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following as permanently restricted net assets:

- a. The original value of gifts donated to the permanent endowment;
- b. The original value or subsequent gifts to the permanent endowment; and
- c. Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor-restricted endowment funds:

1. The duration and preservation of the various funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The investment policies of the Foundation emphasize total return. Adherence to a sound long-term investment policy balancing short-term spending needs with the preservation of the real inflation-adjusted value of assets is a primary importance. The Foundation expects to attain an inflation-adjusted minimum average annual return, net of fees, over a rolling five year period. This real return is defined as the sum of capital appreciation (loss) and current income (interest and dividends) adjusted for inflation as measured by the Consumer Price Index. Investment policies are based on principles of responsible financial stewardship, as well as ethical and social stewardship. The Foundation is committed to a diversified asset allocation strategy, consisting primarily of domestic equities, international equities, domestic fixed income, hedge funds, and real estate.

Changes in endowments for the year ended June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment, beginning of year	\$ 1,129,723	\$ 5,862,679	\$ 6,671,896	\$ 13,664,298
Contributions	2,224	202,283	109,929	314,436
Investment income	19,388	755,301	13,128	787,817
Transfers from other investments	-	33,721	(32,529)	1,192
Net appreciation (depreciation) of securities	897,236	-	-	897,236
Amounts undesignated	-	-	-	-
Appropriations	<u>(94,015)</u>	<u>(810,644)</u>	<u>-</u>	<u>(904,659)</u>
Endowment, end of year	\$ 1,954,556	\$ 6,043,340	\$ 6,762,424	\$ 14,760,320

Endowment composition by type of fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 6,043,340	\$ 6,762,424	\$ 12,805,764
Board-designated endowment and other funds	<u>1,954,556</u>	<u>-</u>	<u>-</u>	<u>1,954,556</u>
	\$ 1,954,556	\$ 6,043,340	\$ 6,762,424	\$ 14,760,320

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

9. Restrictions on Net Assets

Temporarily restricted net assets of LSU at Alexandria Foundation, Inc. at June 30, 2014, are available for the following purposes:

Salaries and benefit supplements, scholarships, and other supporting services of Louisiana State University at Alexandria and Alexandria Museum of Art, LLC	\$ 6,479,311
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Permanently restricted net assets consist of the following at June 30, 2014:

Endowment funds for the benefit of Louisiana State University at Alexandria	\$ 6,304,928
Endowment for collection and operations of Alexandria Museum Association, LLC	<u>518,284</u>
	\$ 6,823,212

10. Income Taxes

The LSU at Alexandria Foundation, Inc. and subsidiaries are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable State Law. All are classified as exempt organizations other than private foundations.

The LSU at Alexandria Foundation, Inc.'s and its subsidiaries' tax returns remain subject to examination by the IRS for three years after filing. As of June 30, 2014, the tax years that remain open to examination by the IRS are 2011, 2012, and 2013. Management believes that all positions taken in those returns would be sustained if examined by the IRS.

11. Contributed Services and Property

The LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries receives a significant amount of donated services and use of facilities from Louisiana State University at Alexandria (the University). University employees and unpaid volunteers assist in operations, fundraising, special projects and programs. Except for \$145,449 recorded as affiliated organization support in schedule 5, which represents the estimated value of insurance, maintenance, internet service, and other indirect support provided to Alexandria Museum of Art, LLC by the University, no amounts have been recognized in the statement of activities as the value of the services and use of facilities was not readily determinable. Continued support from the University is directly dependent on funding the University receives. Budget cuts to the University could adversely impact the support available to LSU at Alexandria Foundation, Inc. and its subsidiaries.

The City of Alexandria began, on December 15, 2006, providing utilities for the operation of the Alexandria Museum of Art, LLC. On February 23, 2012, the City of Alexandria and Louisiana State University entered into an interagency agreement under which the City would continue to provide utilities for the benefit of Alexandria Museum of Art, LLC. The agreement is for a period of five years and may be extended by agreement of the parties. The fair value of the use of provided utilities for the current year was \$38,000.

LSU at Alexandria Foundation, Inc.
June 30, 2014

Notes to Financial Statements

Donated property, when received, is reflected as a contribution in the accompanying statements at its estimated fair market values. The value of donated fundraising items is not recorded as contributions because there is not a fair basis for valuing them.

12. Commitments and Contingencies

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

13. Restatement of Beginning of Year Net Assets

Beginning of year net assets were restated as a result of management's detailed review and reconciliation of fund classifications and earnings. The primary reason for the reclassification is to report Endowment Challenge funds previously reported as temporarily or permanently restricted as unrestricted based on the terms of the grant. The effects of the restatement did not change total net assets, but rather reclassified net assets as follows:

Increase in unrestricted net assets	\$1,000,534
Decrease in temporarily restricted net assets	595,634
Decrease in permanently restricted net assets	404,900

Additional Information

LSU at Alexandria Foundation, Inc.
Statements of Financial Position
June 30, 2014 and 2013

Schedule 1

Assets	2014	2013
Current Assets		
Cash and cash equivalents	\$ 5,963	\$ 15,770
Accrued interest receivable	-	190,858
Pledges receivable, net	6,653,126	30,000
Prepaid expenses	4,750	4,064
Total Current Assets	6,663,839	240,692
Investments	17,064,541	15,799,323
Art Collection	60,788	60,788
Total Assets	\$ 23,789,168	\$ 16,100,803
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 20,697	\$ 22,075
Deferred revenues	3,550	2,550
Total Current Liabilities	24,247	24,625
Net Assets		
Unrestricted	11,178,216	3,713,435
Temporarily restricted	6,281,777	6,146,000
Permanently restricted	6,304,928	6,216,743
Total Net Assets	23,764,921	16,076,178
Total Liabilities and Net Assets	\$ 23,789,168	\$ 16,100,803

See independent auditor's report.

LSU at Alexandria Foundation, Inc.
Statements of Activities
Years Ended June 30, 2014 and 2013

Schedule 2

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
Revenues, Gains, and Reclassifications					
Contributions	\$ 6,837,560	\$ 45,033	\$ 75,057	\$ 6,957,650	\$ 414,176
Interest and dividends	29,454	829,943	13,128	872,525	1,463,213
Fundraising	-	137,870	-	137,870	184,690
Unrealized/realized gain (loss) on investments	733,653	-	-	733,653	10,431
Athletics	-	69,417	-	69,417	75,810
Net assets released from restrictions	946,486	(946,486)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	8,547,153	135,777	88,185	8,771,115	2,148,320
Expenses					
Athletics	85,178	-	-	85,178	74,657
Call center support	175,000	-	-	175,000	-
Fundraising	47,151	-	-	47,151	81,581
Investment management fees	171,621	-	-	171,621	155,016
Miscellaneous	163	-	-	163	169
Office supplies	3,105	-	-	3,105	264
Official functions	74,866	-	-	74,866	58,854
Operating services	24,149	-	-	24,149	11,935
Professional services	160,164	-	-	160,164	16,400
Professorships	100,930	-	-	100,930	97,733
Registration fees	-	-	-	-	278
Staffing services	135,292	-	-	135,292	70,446
Scholarships and awards	76,800	-	-	76,800	132,401
Supplies	622	-	-	622	-
Travel	27,331	-	-	27,331	10,509
Total Expenses	1,082,372	-	-	1,082,372	710,243
Change in Net Assets	7,464,781	135,777	88,185	7,688,743	1,438,077
Net Assets, Beginning of Year as Restated	3,713,435	6,146,000	6,216,743	16,076,178	14,638,101
Net Assets, End of Year	<u>\$ 11,178,216</u>	<u>\$ 6,281,777</u>	<u>\$ 6,304,928</u>	<u>\$ 23,764,921</u>	<u>\$ 16,076,178</u>

See independent auditor's report.

Alexandria Museum of Art, LLC
Statements of Financial Position
June 30, 2014 and 2013

Schedule 3

Assets	2014	2013
Current Assets		
Cash and cash equivalents	\$ 289,302	\$ 327,269
Accounts receivable	13,230	14,310
Unconditional promises to give	3,075	2,300
Prepaid expenses	15,845	31,600
Other current assets	5,986	8,004
Inventory	1,824	4,069
Total Current Assets	329,262	387,552
 Beneficial Interest in Net Assets of Central LA Community Foundation	1,598,278	1,439,672
 Property, Plant, and Equipment, Net of Accumulated Depreciation	3,016,704	3,136,175
 Art Collection	2,807,899	2,733,199
 Total Assets	\$ 7,752,143	\$ 7,696,598
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 10,992	\$ 12,204
Rental deposits	1,643	2,643
Deferred revenues	39,080	27,875
Other accrued expenses	-	8,155
Total Current Liabilities	51,715	50,877
 Net Assets		
Unrestricted	6,984,610	6,988,986
Temporarily restricted	197,534	139,451
Permanently restricted	518,284	517,284
Total Net Assets	7,700,428	7,645,721
 Total Liabilities and Net Assets	\$ 7,752,143	\$ 7,696,598

See independent auditor's report.

Alexandria Museum of Art, LLC
Statements of Activities
Years Ended June 30, 2014 and 2013

Schedule 4

	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Total
Revenues, Gains, and Reclassifications					
Contributions	\$ 107,824	\$ -	\$ 1,000	\$ 108,824	\$ 164,225
Memberships	49,929	-	-	49,929	39,795
Program fees	22,545	-	-	22,545	13,992
Fundraising	157,370	-	-	157,370	175,857
Interest and dividends	2,827	34,530	-	37,357	29,618
Noncash support	258,149	-	-	258,149	52,542
Unrealized/realized gain (loss) on investments	161,459	-	-	161,459	101,487
Other income and support	125,298	62,495	-	187,793	248,228
Net assets released from restrictions	38,942	(38,942)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	924,343	58,083	1,000	983,426	825,744
Expenses					
Administration	607,795	-	-	607,795	468,148
Education	23,222	-	-	23,222	21,277
Exhibits	105,716	-	-	105,716	93,354
Fundraising	72,294	-	-	72,294	74,447
Other program services	221	-	-	221	12,886
Depreciation and amortization	119,471	-	-	119,471	118,946
Interest expense	-	-	-	-	279
Total Expenses	928,719	-	-	928,719	789,337
Change in Net Assets	(4,376)	58,083	1,000	54,707	36,407
Net Assets, Beginning of Year	6,988,986	139,451	517,284	7,645,721	7,609,314
Net Assets, End of Year	<u>\$ 6,984,610</u>	<u>\$ 197,534</u>	<u>\$ 518,284</u>	<u>\$ 7,700,428</u>	<u>\$ 7,645,721</u>

See independent auditor's report.

Alexandria Museum of Art, LLC
Schedules of Administration Expenses
Years Ended June 30, 2014 and 2013

Schedule 5

	2014	2013
Bank charges	\$ 2,813	\$ 3,105
Investment fees	9,754	8,942
Charitable contributions	-	250
Computer and equipment maintenance	3,779	2,700
Dues	4,982	3,257
Equipment rental	2,503	12,377
Marketing	15,265	23,215
Permanent collection expenses	-	355
Miscellaneous	2,056	609
Office supplies	4,793	4,599
Postage and freight	3,991	1,785
Printing	16,161	2,529
Professional fees	20,315	36,603
Repairs and maintenance	9,969	20,489
Salaries and wages	319,571	293,738
Security	675	730
Telephone	214	213
Travel and entertainment	7,505	11,402
Utilities	38,000	41,250
Affiliated organization support	145,449	-
Total	\$ 607,795	\$ 468,148

See independent auditor's report.

The Oaks of Alexandria, LLC
Statements of Financial Position
June 30, 2014 and 2013

Schedule 6

Assets	2014	2013
Current Assets		
Cash and cash equivalents	\$ 1,306,254	\$ 1,286,208
Tenant receivables, net	27,423	10,838
Other receivables	4,991	-
Total Current Assets	1,338,668	1,297,046
Property, Plant, and Equipment, Net of Accumulated Depreciation	6,595,506	6,957,710
Bond Issuance Costs, Net of Accumulated Amortization	388,571	406,035
Other Assets	250	350
Total Assets	\$ 8,322,995	\$ 8,661,141
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 260,569	\$ 260,302
Accrued interest payable	120,339	122,712
Bonds payable	225,000	190,000
Rental deposits	14,164	32,759
Deferred revenues	23,264	13,459
Other accrued expenses	52,164	36,621
Total Current Liabilities	695,500	655,853
Other Liabilities		
Bonds payable	10,935,000	11,160,000
Net Assets		
Unrestricted	(3,307,505)	(3,154,712)
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	(3,307,505)	(3,154,712)
Total Liabilities and Net Assets	\$ 8,322,995	\$ 8,661,141

See independent auditor's report.

The Oaks of Alexandria, LLC
Statements of Activities
Years Ended June 30, 2014 and 2013

Schedule 7

	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Total
Revenues, Gains, and Reclassifications					
Student housing income	\$ 1,299,717	\$ -	\$ -	\$ 1,299,717	\$ 1,213,607
Other housing income	64,343	-	-	64,343	59,145
Interest and dividends	129	-	-	129	128
Total Revenues, Gains, and Reclassifications	1,364,189	-	-	1,364,189	1,272,880
Expenses					
Staffing services	147,941	-	-	147,941	168,256
Repairs and maintenance	99,898	-	-	99,898	69,104
Turnover	67,237	-	-	67,237	73,308
Common area	13,305	-	-	13,305	7,815
Utilities	196,251	-	-	196,251	180,668
Marketing and leasing	14,613	-	-	14,613	27,882
Resident life	45,631	-	-	45,631	10,889
Food service	-	-	-	-	564
General and administrative	50,361	-	-	50,361	98,077
Professional fees	18,350	-	-	18,350	18,400
Depreciation and amortization	379,668	-	-	379,668	388,855
Interest expense	483,727	-	-	483,727	492,500
Total Expenses	1,516,982	-	-	1,516,982	1,536,318
Change in Net Assets	(152,793)	-	-	(152,793)	(263,438)
Net Assets, Beginning of Year	(3,154,712)	-	-	(3,154,712)	(2,891,274)
Net Assets, End of Year	\$ (3,307,505)	\$ -	\$ -	\$ (3,307,505)	\$ (3,154,712)

See independent auditor's report.

Generals Athletic Association, LLC
Statements of Financial Position
June 30, 2014 and 2013

Schedule 8

	Assets		2014		2013
Current Assets			<u>2014</u>		<u>2013</u>
Cash and cash equivalents		\$	3,708	\$	-
Other current assets			<u>10,854</u>		<u>-</u>
Total Current Assets			<u>14,562</u>		<u>-</u>
Total Assets		\$	<u>14,562</u>	\$	<u>-</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable		\$	<u>24,296</u>	\$	<u>-</u>
Total Current Liabilities			<u>24,296</u>		<u>-</u>
Net Assets					
Unrestricted			(9,734)		-
Temporarily restricted			-		-
Permanently restricted			<u>-</u>		<u>-</u>
Total Net Assets			<u>(9,734)</u>		<u>-</u>
Total Liabilities and Net Assets		\$	<u>14,562</u>	\$	<u>-</u>

See independent auditor's report.

Generals Athletic Association, LLC
Statements of Activities
Years Ended June 30, 2014 and 2013

Schedule 9

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
Revenues, Gains, and Reclassifications					
Contributions	\$ 2,398	\$ -	\$ -	\$ 2,398	\$ -
Athletic sign sponsorships	20,600	-	-	20,600	-
Fundraising	11,105	-	-	11,105	-
Interest and dividends	127	-	-	127	-
Net assets released from restrictions	-	-	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	34,230	-	-	34,230	-
Expenses					
Athletic sponsorship signs	6,720	-	-	6,720	-
Fundraising	4,361	-	-	4,361	-
Official functions	32,379	-	-	32,379	-
Operating services	42	-	-	42	-
Supplies	462	-	-	462	-
Total Expenses	43,964	-	-	43,964	-
Change in Net Assets	(9,734)	-	-	(9,734)	-
Net Assets, Beginning of Year	-	-	-	-	-
Net Assets, End of Year	<u>\$ (9,734)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,734)</u>	<u>\$ -</u>

See independent auditor's report.